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Millennials are understandably apathetic toward luxury

Posted By *Danny Parisi* On May 2, 2017 @ 5:00 am In Featured,Industry sectors,News,Research,Retail | [No Comments](#)



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Millennials grew up in harsh economic times and it reflects in their feelings towards luxury

Millennials are more skeptical of luxury than other generations, and their apathy toward the industry is something that every brand must be aware of going forward.

Insight into this problem comes from a collaboration between the Shullman Research Center and the [Luxury Marketing Council of Connecticut/Hudson Valley](#) [2], which took a look into why millennials are so skeptical of the luxury industry. The reasons touch on a number of unique factors affecting this generation, issuing a warning to luxury brands that they will have to work harder to capture millennial customers.

“Based on all the work my firm has done to date working with millennials focusing on how they describe luxury compared to earlier generations and their need, if any, for luxury, the root causes of the apathy we heard emanated from a variety of causes,” said Bob Shullman, founder/CEO of the [Shullman Research Center](#) ^[3], Greenwich, CT.

The millennial mind

When The Economist published an article asking why millennials were not buying diamonds, the publication received a cavalcade of criticism on social media. Many millennials responded frankly that their dire economic circumstances caused by the 2008 financial crisis as well as stagnant wages and massive inequality left them without the time or money for frivolous and expensive purchases.

The article was seen as out of touch, and that sentiment holds true today. Millennials are less interested in luxury spending than previous generations, not just because they are less likely to be able to afford it, but because they have been forced to grow up in a world where excessive spending is not possible or desirable.

“The impact of the financial crisis of 2008 that still is impacting many millennials,” Mr. Shullman said.

“Some of them seeing their family’s or friend’s homes foreclosed when many people lost their jobs as a result of the 2008 crisis; their inability to get the type of job they thought they deserved after they finished school or finished their military service; their finally getting a job that they believe has little upside potential and little opportunity to fund their buying luxuries,” he said.

“If they actually want some, and finally the slow growth in the overall economy that has been keeping their increases in pay much lower compared to earlier generations.”

The Economist @TheEconomist · 30 Jun 2016
 Why aren't millennials buying diamonds? econ.st/294G6yf



1.4K 1.4K 1.9K

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Millennials economic position leads them away from luxury

Many millennials are stuck with student loan debts that they were forced to take on to get an education; something that many baby boomers or Gen X-ers did not have to deal with.

All of this has colored the generation's perception of luxury. They no longer view it as a necessity or a sign of status, but as a sign of frivolity or privilege that so many do not have.

For the millennials that are still interested in luxury, they are much more focused on experiences rather than things. Products do not excite them in the same way that luxury travel or events do.

"As one millennial in the focus group said, 'Luxury is everywhere today. It's no longer special. You do not have to go to a high-end store to find luxury. It's just one click away on your smartphone,'" Mr. Shullman said. "Millennials are 'digital natives' and look at the world through a different lens compared to the older generations.

"Things are less important to them while experiences, luxury and non-luxury, are much more important with millennials. As one millennial said, 'Luxury involves money. Money is a thing. Things don't make people happy.' Another millennial said, 'Without luxury, life still goes on.'"

Listen closely

Luxury brands need to pay attention to millennial consumers' habits. While apathy is the general mood toward the luxury industry, luxury-loving millennials do exist.

While luxury buyers are primarily older, millennials will soon make up 40 percent of all luxury purchases, according to research from Bain & Company and online retailer Farfetch ([see story](#) ^[5]).

That share is not so insignificant that brands can ignore it. Instead, the luxury industry needs to keep a close eye on how millennials think about and talk about luxury in order to best appeal to them and convince them that luxury is something they can invest in.



[6]

Millennial is a mindset. Photo courtesy of Farfetch

“The luxury brands need to start listening very closely to their younger customers’ words regarding how they describe luxury and how they want to experience it,” Mr. Shullman said. “They need to start a dialogue with them. Why? As stated earlier, millennials describe luxury in different ways » compared to how the boomers and older Gen-Xer’s describe luxury.

“For those luxury brands that market goods rather than experiences, I believe they really need to focus on delivering their luxury goods in an ‘omni-luxury’ way. What do I mean by ‘omni-luxury’ way? I mean finding a way to wrap their luxury goods within experiences—just like they are now starting to embrace ‘omnichannel’ marketing.

“It won’t be easy for them. Unfortunately, the luxury brands have to deliver their goods in the manner in which the millennials want them delivered, not the way they have been traditionally marketing and delivering them.”

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